

10 p.c. cut in ADP

an OBSERVER report

The Planning Commission has decided for a ten per cent cut in the size of the Annual Development Programme (ADP) at current prices for the financial year, 1981-82. The official development outlay in the public sector has been revised downward at Taka 2715.25 crore from the level of its original size at Taka 3015 crore.

The decision has been taken in the light of the recommendation of the Resources Committee of the Planning Commission. The Committee after its appraisal of the resources' availability position in the country had earlier suggested for the cut in the ADP size.

The Taka component in the revised ADP would be about Taka 1715.25 crore. The original ADP envisaged the quantum of Taka resources at the level of Taka 2015 crore. The revised financial allocation for the development programmes in 1981-82 would therefore, reflect a shortfall of Taka 14.87 per cent over what was expected earlier. Planning Commission sources told this Correspondent that the shortage in Taka resources would be due to generation of lower quantum of local currency by commodity aid disbursements at a level lower than what was projected earlier for the year.

The project aid component in the revised ADP remains unchanged at Taka 1000 crore, exactly the same level at which it was envisaged in the original ADP. But, the project aid estimates in Taka terms in the revised ADP have been made under the current adjusted conversion rate of the currency at Taka 19 for one US dollar. In the original ADP the exchange rate was Taka 16 for one US dollar. When this currency rate adjustment factor causing a 18.75 per cent fall in the official exchange rate of Taka in relation to US dollar over the last five months is taken into account, the availability of project aid in dollar terms would be lower for the revised ADP than what was anticipated for the original ADP for the current financial year.

The allocations for different sectors have been recast keeping in view the reduced size for the revised ADP. Agricultural sector has been allocated Taka 369.84 crore in the revised ADP. The original ADP allocation for this sector was Taka 418.10 crore. The allocation for the industries sector has now been revised downward at Taka 357.69 crore from the original provision of Taka 395.60 crore.

The downward changes in allocations for other major sectors under the revised ADP are as follows: Flood control and water resources—Taka 399.47 crore (original—Taka 450.80

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ADP

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crore) transport—Taka 380.24 crore (original—Taka 421.21 crore) power—Taka 290.16 crore (original—Taka 313.20 crore) physical planning and housing—Taka 175.44 crore (original—Taka 197.85 crore) education and training—Taka 116.43 crore (original—Taka 134.70 crore) natural resources—Taka 118.29 crore (original—Taka 127.99 crore) population control and family planning—Taka 88.38 crore (original—Taka 94.40 crore) rural development and institutions—Taka 85.18 crore (original—Taka 95 crore) and health—Taka 74.23 crore (original—Taka 84.09 crore).

The Planning Commission has already issued a circular to the administrative ministries inviting proposals for scheme-wise allocation funds for development projects in the light of the revised ADP allocation. The concerned ministries have been asked to send their proposals to the concerned sector/divisions of the Planning Commission for project-wise allocation in order of priority for the revised ADP by December 10. The sector/divisions of the Planning Commission will finalise their recommendations in respect of the revised ADP in consultation with administrative ministries by December 17.

The Programming and appraisal Division of the Planning Commission is scheduled to finalise the revised ADP in details by December 24.

Meanwhile the Planning Commission had given certain specific guidelines to the concerned authorities for carrying out the exercises for the revised ADP. The administrative ministries had been asked to give topmost priority to the allocation of funds to on-going approved and originally approved but revised unapproved projects expected to be completed by June '82. The number of approved projects included in the original ADP for the year stood at 655 while that of originally approved but revised unapproved projects at 275.

Under the guidelines, the relevant authorities had been directed to avoid altogether any allocation of funds to new projects included in the ADP for the first time particularly whose project pro formas had not been received in the Planning Commission or not yet been considered by the Project Evaluation Committee.

According to the Planning Commission sources this decision was taken to avoid thinning out of scarce financial resources over too many projects. The number of new projects as such included in the ADP was about 400.

The administrative ministries and other relevant authorities had further been asked to ensure adequate local currency support from within the sectoral allocations for the aided projects for which aid had firmly been committed or were clearly insight. The guidelines had made it a particular point of emphasis for attaching "utmost priority" to quick-yielding projects by way of allocation of funds and to avoid any expenditure against any project not reflected in the revised ADP for the year.